




# **Defense Finance and Accounting Service**

A Presentation for: GSA SmartPay Conference  
2005

*Presented By: D. Brown*

- **Program Statistics and Metrics**
- **ID Theft**
- **Recent Changes**
- **New and Pending Changes**
- **Bargaining Obligations**
- **Data Mining Pilot**
- **Best Practices**
- **Answers to Frequently Asked Questions**

# Program Size

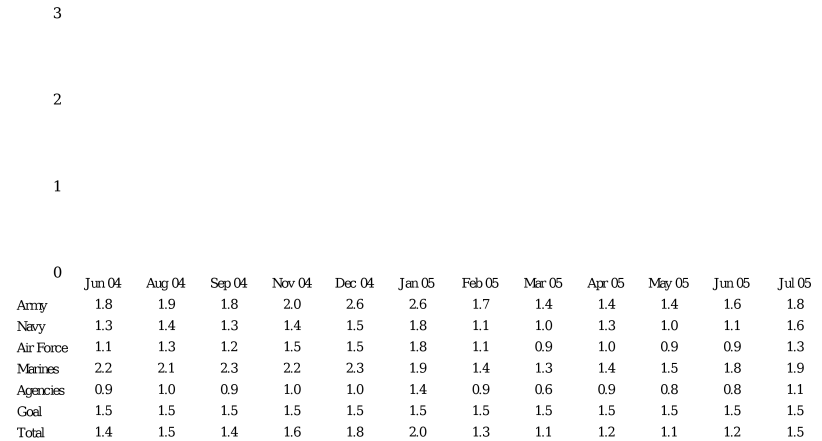
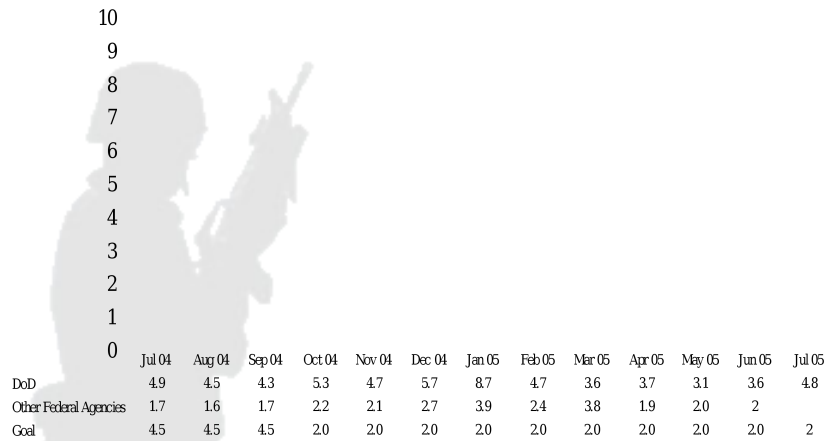


	<b>FY02</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>
<b>Cardholders</b>	<b>1.3M</b>	<b>1.1M</b>	<b>1.1M</b>	<b>1M</b>
<b>Spend</b>	<b>\$3.7B</b>	<b>\$3.8B</b>	<b>\$4.0B</b>	
<b>\$2.8B (thru 3Q)</b>				
<b>Rebates</b>		<b>\$4.7M</b>	<b>\$7M</b>	<b>\$8.9M</b>
<b>\$6.5M (thru 3Q)</b>				

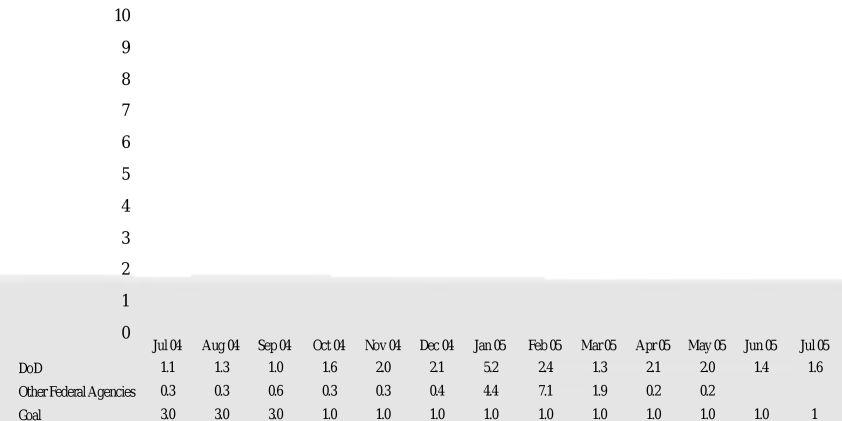
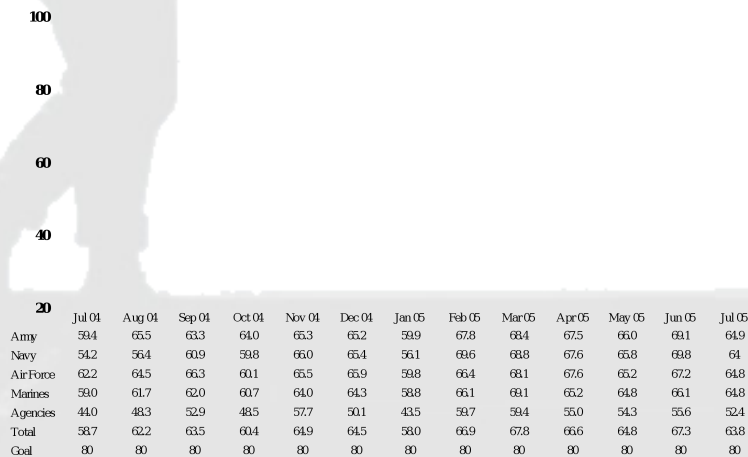
# DoD Key Metrics



## % of Delinquent \$ IBA % of Delinquent Cardholder



## Split Disbursement Participation of Delinquent \$ CBA



# Metrics Comparison



**June 2005  
Goal**

**DoD**

**Other Gov't**

<b>IBA Delinquent Dollars</b>	<b>3.6%</b>	<b>13.8%</b>	<b>2%</b>
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<b>IBA Percent of Cardholder</b>	<b>1.2%</b>	<b>N/A</b>
<b>1.5%</b>		

<b>Split Disbursement</b>	<b>67.3%</b>	<b>N/A</b>	<b>80%</b>
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<b>CBA Delinquent Dollars</b>	<b>1.4%</b>	<b>?</b>	<b>0</b>
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**Expect adjustment of goals in 06**

# Credit Implications



- Impact is negligible UNLESS bill is never paid
  - A single credit inquiry can result in a 5 to 10 point change
  - No reporting on payment history
  - No reporting to credit bureaus at all unless salary offset is unsuccessful (> 210 days)
  - Late payments on personal cards are reported irrespective of whether travel reimbursements are received.
  - Bank of America only receives a credit score which is not retained.
  - Commanders/Supervisors/APCs do not see the score.
- 
- Approximately 1/3 of new applicants decline a credit check and get a restricted card.

# Identity



## Theft

- **Recognize scams - any request to provide a full account number or SSN should be questioned**
- **Review all transactions and report any disputes**
- **Laws provide avenues for protection and detection**
  - **FACT ACT - Free Credit Reports**
  - **FAIR CREDIT REPORTING ACT**
  - **Check with each of the credit bureaus**
    - **Equifax: 1-800-525-6285; or Internet: <http://www.equifax.com>**
    - **Trans Union: 1-800-680-7289; or Internet: <http://www.transunion.com>**
    - **Experian Fraud Unit: 1-888-397-3742; or Internet: <http://www.experian.com>**
- **Federal Trade Commission website**  
**<http://www.consumer.gov/idtheft>**
- **Social Security Administration website**  
**<http://www.socialsecurity.gov/pubs/idtheft.htm>**

# Recent Changes



- Implementation of Mandatory Split Disbursement for Military and Civilians
  - Convenient – no need for check writing or mailing
  - Payments disbursed directly from DFAS to the Bank
  - 100% of charges on the Card should be split disbursed
    - Transportation cost
    - Hotel
    - Rental Car



# Recent Changes



## • **Unused Tickets**

- GAO identified unused airline tickets
- GSA pursuing recovery of 01 and 02 tickets
- DoD pursuing identification of other unused tickets
- Research of unused tickets is labor intensive and difficult
- Policies pertaining to prevention of unused tickets
  - Cardholders and approving officials
  - Transportation officials and Commercial Travel Offices

# Recent Changes

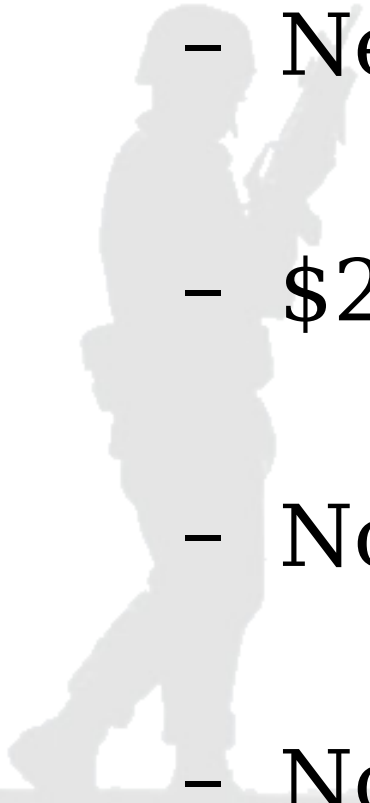


- **Standard Training Programs**
  - Modules for
    - Cardholder
    - APC
    - Approving Officials
  - Where to find training materials
    - Army web site
    - Navy web site
    - Disks provided to Services

# Recent Changes



- **Reinstatement policy for canceled a**
  - New credit check with acceptable score
  - \$29 non-reimbursable fee
  - Not charged off previously
  - No second opportunity



# Recent Changes



- **Minimum credit score for issuance**
  - 660 score for standard
  - 500 for restricted
  - No card if score is less than 500

- **International Transaction Fee**
  - 1% currency conversion fee
  - Applicable to charges made in a foreign currency
  - Formerly imbedded in the cost of the transaction
  - Will be billed separately
  - Fee is fully refundable
  - Must be claimed on travel voucher

- **Upgrading from restricted to standard cards**

- Modification is pending
- Voluntary initiative
- \$15 fee will apply

- **Creditworthiness for Unit Card applicants**
- Guidance is pending which will require unit card cardholders to sign a self certification form

- **Accounts with erroneous SSANs**
  - Split disbursement differs from Bank's records
    - Bank returns unrecognized payments to sender
    - DFAS forwards refund check to cardholder
    - Cardholder must pay the Bank's bill
  - Researching process for correcting mis-



# New and Pending



- **Alternative to prepaid cards**
- **DTS enhancements/e-travel implementation**
- **CBA-related control weaknesses**
- **Local Bargaining on New Policies**

# Bargaining Obligations



- Salary Offset June 2001  
1 Agency remaining
- Mandatory Split Disbursement May 20  
Services completed, Agencies ongoing
- Reinstatement fee May 20
- Creditworthiness May 20  
minimum cut off score  
self certification form (pending)
- Upgrade fee (restricted to standard card - pending)

# Datamining Pilot



- Partnership with Bank of America and VISA
- Each Service Component Program Manager and  
at least one major command participating
- Targeted Reports based on DoD criteria
- Provides opportunity to easily review

# Datamining Pilot



## Benefits in First Nine Months

- Premium Travel Report to OUSD(P&R)
- Report on purchases on air routes with no city pair offering to GSA
- Reduced volume of charges made on blocked merchant codes requiring review
- More visibility to scope of potential problems i.e. 0.06% of dollar transactions are purchases on blocked merchant codes other than airline/hotel/rental car

# Frequently Asked Questions

**What authority requires that I use a travel card and where does it say so?**

**Answer: Public Law 105-264 prescribes mandatory use of the travel card.**

**Volume 9, Chapter 3 of the DoD Financial Management Regulations carries out the requirement and provides the exceptions**

**Federal Travel Regulation (FTR)**

# Frequently Asked Questions

**What authority requires me to split disburse my travel payments and where does it say so?**

**Answer: Public Law 107-314, Section 2784a gives DoD the authority to implement split disbursement. Memorandum from the DoD Comptroller dated 23 Apr 03 implements that authority.**

**For civilian agencies, split disbursement is currently being implemented at the discretion of each agency.**

# Frequently Asked Questions



**What if I can't pay my bill because I haven't received my reimbursement?**

**Answer: Individually billed accounts are the obligation of the cardholder. There is no condition on payment after reimbursement. Accounts not paid after 60 days are suspended. Late fees begin to incur at 75 days (at DoD). However, if the government is responsible for the delay in payment, late fees are reimbursable and the APC can contact the Bank to keep the account from suspending or to reinstate it.**

# Frequently Asked Questions



**Can I be placed in salary offset without anyone notifying me?**

**Answer: Public Law 105-264 provides for agencies to provide due process notice to the cardholder before salary offset is initiated.**

**The bank sends a notice for salary offset to the address of record at the 90 day delinquency point - 30 days prior to referral to DFAS for salary offset. Individuals are responsible to contact the bank when they have a change of address. The due process obligation is met by notice to the address of record.**



# Frequently Asked Questions



**What if I prefer to use my own card instead of the Government card?**

**Answer: Public Law 105-264 prescribes mandatory use because it saves the Government (and taxpayers) money. For example, GSA City Pairs discounts are only available on Government charge cards under the GSA SmartPay® contract.**

**There are some exemptions from the card and they are noted in FTR 301-51. However, personal preference is NOT one of the exemptions!**

# Frequently Asked Questions



**What if I agree not to ask for a travel advance and use my own card?**

**Answer: Use of the card is mandated by law. The SmartPay contract with the card issuing Banks were based on assumptions of spend volumes. Allowing individuals to opt out and reduce those volumes could result in a less beneficial program for the government.**

**Additionally, you would not have access to GSA City Pairs unless you have a Government travel card or a GTR. Canceled tickets would likely not be refundable.**

# Frequently Asked Questions

**What if I can prove that I can get a cheaper rate than the GSA City Pairs rate on the internet?**

**Answer:** You may be able to find a cheaper rate than the GSA City Pairs rate, however, there are other benefits to GSA City Pairs, such as a fully refundable ticket if ticket is unused (most other tickets are non-changeable and non-refundable or carry heavy penalties for changes/cancellations) and last seat availability.

**If you go outside the GSA City Pairs program solely to get a lower price, be forewarned. You can also ask your travel office to book the cheaper fare on a government card.**

# Frequently Asked Questions



## What if I can't get a card?

**Answer:** Individuals who are not eligible for a card, or are exempt from its use, including those whose card was previously cancelled or have poor credit, are eligible for a travel advance. Vol 9, Ch 3, Sections 030302 and 030303 provide for exemptions from mandatory use. Section 030302.A.2.b clarifies that individuals who refuse the card are not exempt from its use, therefore they are NOT eligible for a travel advance.

# Frequently Asked Questions



**Will having a Government travel card hurt my personal credit rating?**

**Answer: Not unless you don't pay your bill. Travel card providing banks do not report travel card activity to the credit bureaus unless the account charges off (i.e. delinquent amounts over 120 days and not recoverable). Simply having a government travel card will not harm your credit rating. Since delinquencies aren't reported, it actually helps a person's credit rating to use their government card.**

# Frequently Asked Questions



**What if I don't want the card because of concern about identity theft?**

**Answer: The Government travel card is no more vulnerable to identity theft than any other kind of card - in fact, the banks say there is less third-party fraud with the Government travel card than with their other consumer card portfolios. Card issuing banks may not sell or share personal information with entities outside of the SmartPay® program. Both Contract and Government personnel are subject to handle information in accordance with the Privacy Act.**

# Frequently Asked Questions



**I don't want to give my Social Security Number in order to get a card -- why can't you use an employee number or passport number instead?**

**Answer: Under the terms of the USA Patriot Act, Banks are required to obtain personal identifying information, including a Social Security number, in order to open accounts. In addition, credit checks, split disbursement, and other matching information between the card issuing bank and the government agency such as for split disbursement or salary offset are based on Social Security Number.**

# Frequently Asked Questions



**You can't require me to provide my Social Security Number. There is no law requiring I provide it.**

**Answer: That is correct. You can not be required to provide your SSN in order to get a card. However, the bank is not able to open an account without this information.**

**You can be subject to disciplinary action for not using a card, whether or not you refused to obtain it depending on the policies of your agency.**



# Best Practices - IBA



- Comprehensive monthly reviews (accounts and metrics)
- Compare delinquency with split disbursement utilization
- Mandatory cardholder and A/OPC training
- Reasonable spend/transaction limits and merchant category code  
(MCC) block review
- Deactivation/cancellation of unused accounts
- Regular comparison of separations/retirements to open accounts
- Split disbursement and salary offset
- Exemption from mandatory use for travel en route to

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# Questions!



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# For Help



**Travel Card Program Management Office**

**Office: 703.607.0811**

**Fax: 703.607.**

***DFAS Website: [www.dfas.mil](http://www.dfas.mil)***

***Or***

***New web address: [www.dod.mil/dfas/](http://www.dod.mil/dfas/)***



# DFAS

*Your Financial Partner @ Work*

